AMERENCIPS/UE EXHIBIT NO. 29.0

ILLINOIS COMMERCE COMMISSION

DOCKET NOS. 02-0798/03-0008/03-0009 (Consolidated)

SURREBUTTAL TESTIMONY

OF

DAVID CROSS

Submitted On Behalf Of

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY,

d/b/a AmerenCIPS,

and

UNION ELECTRIC COMPANY,

d/b/a AmerenUE

June 2003

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Q. Please state your name and business address.

A. My name is David Cross. I am a Principal with Mercer Human Resource Consulting. My business address is 1717 Arch Street, Philadelphia, Pennsylvania 19103.

Q. Are you the same David Cross who filed rebuttal testimony in this proceeding?

A. Yes, I am.

Q. What is the purpose of your surrebuttal testimony?

A. I am responding to the rebuttal testimony of Illinois Commerce Commission Staff ("ICC Staff") witness Ms. Burma C. Jones.

Q. What is the specific nature of your testimony?

A. One specific area that I am responding to is Ms. Jones' criticism of the use of earnings based measures in the Ameren plan. Ameren uses an earnings per share ("EPS") measure as an initial trigger to determine funding of incentive allocations. She states that the use of such measures primarily benefits shareholders and not customers. My commentary regarding this point is first, as I stated in my earlier testimony, earnings-based measures are the most common measures in annual incentive plans, not only among utilities, but across all industries. Hence, Ameren's use of this measure meets reasonable competitive standards. Second, as I already noted, the earnings component of the plan merely "funds" the opportunity to allocate awards; it does not guarantee payment of the awards. Actual allocation is dependent on performance against Key Performance Indicators such as reducing delivery service cost per customer, increasing customer service satisfaction, and others. In this case, the Key Performance Indicators are clearly customer focused and demonstrate Ameren's commitment to aligning the interests of both customers and shareholders. If customer oriented goals are not met as required by the relevant Key Performance Indicators, there is no incentive compensation. It is these aspects of the Ameren plan that were either overlooked or ignored by Ms. Jones.

In summary then, the Illinois Commerce Commission ("Commission") should be cognizant that the use of earnings based measures is common in most utility incentive plans. While the Commission may have been reluctant in the past, in certain instances, to permit recovery of these expenses in rates, the Commission should now understand that this form of employee compensation is the norm and that there is no legitimate basis to treat regulated enterprises differently from their unregulated counterparts. Further, Ameren's use of Key Performance Indicators in the allocation of incentives is entirely consistent with the interests of their customers. The Staff has not recognized the real benefits in terms of cost reductions, efficiency gains, and overall customer satisfaction being realized by Ameren customers as a result of the incentive compensation plan.

Q. Do you have any other responses to Ms. Jones' rebuttal testimony?

A. Yes I do. In Ms. Jones' testimony she comments that Ameren's incentive plans are discretionary and may be suspended (or discontinued) at any time. In my view, this assertion is not a reasonable basis upon which to conclude the plan only benefits shareholders, and has no foundation in market reality. To make my point, consider the implications if you took Ms. Jones' suggestion to its logical extreme. Ameren could literally decide that any form or level of compensation should be eliminated or lowered at its discretion. In essence, Ameren could elect to modify an employee's salary or bonus levels at any time it chooses – other than bargained agreements, nothing could stop management from taking such an action. However, this would never happen because taking such an action would create severe strains to employee relations and labor market issues. Trust in management, the effectiveness of the staff and overall morale would be undermined so dramatically that it would make the organization ineffective, and likely cause many (or even most) employees to look elsewhere for employment. The result would be that retaining employees would be virtually impossible if Ameren determined incentives would be made (or withdrawn) on a purely discretionary basis. If management makes a decision to not pay out incentives due to poor performance, then I would not suggest the plans are discretionary, but rather that they are performance based – which is exactly the type of outcome you want from an incentive plan. Alternatively, to suggest that the absence of a payout, in light of poor performance, is discretionary implies Ms. Jones believes the incentives were an entitlement in the first place which is counter to sound compensation theory. Therefore, her assertion in response to my testimony is not reasonable.

Q. Does this conclude your surrebuttal testimony?

A. Yes, it does.